

Medical appliances are not taxed at the normal State rate of 6.25%. These items are taxed at a lower State rate of 1%. See 86 Ill. Adm. Code 130.310. (This is a GIL.)

August 15, 2007

Dear Xxxxx:

This letter is in response to your letter dated June 15, 2007, in which you request information. The Department issues two types of letter rulings. Private Letter Rulings ("PLRs") are issued by the Department in response to specific taxpayer inquiries concerning the application of a tax statute or rule to a particular fact situation. A PLR is binding on the Department, but only as to the taxpayer who is the subject of the request for ruling and only to the extent the facts recited in the PLR are correct and complete. Persons seeking PLRs must comply with the procedures for PLRs found in the Department's regulations at 2 Ill. Adm. Code 1200.110. The purpose of a General Information Letter ("GIL") is to direct taxpayers to Department regulations or other sources of information regarding the topic about which they have inquired. A GIL is not a statement of Department policy and is not binding on the Department. See 2 Ill. Adm. Code 1200.120. You may access our website at www.ILTAX.com to review regulations, letter rulings and other types of information relevant to your inquiry.

The nature of your inquiry and the information you have provided require that we respond with a GIL. In your letter you have stated and made inquiry as follows:

Upon review of Title 86 Part 130 Section 130.310 Food Drugs, Medicines and Medical Appliances, we wish to request a general letter ruling to determine if the medical equipment that we offer to consumers in the State of Illinois qualifies for the 1% Use Tax Rate for medical appliances. The Section cited above lists wheelchairs and chair lifts for a motor vehicle as examples of qualifying medical appliances. These examples are somewhat similar to the products we offer; patient lifting and transfer devices. These products are generally sold to nursing homes or hospitals to assist patients in standing from sitting positions or to transfer patients from bed to wheelchair, etc. They are also used in home settings for patients with ongoing physical disabilities. Please find the enclosed literature for examples of these products. We believe that these products may qualify as 'substituting for a malfunctioning part of the body' in that they are assistive devices used only for individuals with the inability to stand or walk on their own.

Thank you for your assistance in this matter. Please do not hesitate to contact me should you require any further information to process this request.

DEPARTMENT'S RESPONSE:

All gross receipts from sales of tangible personal property in Illinois are subject to Retailers' Occupation Tax unless an exemption is specifically provided. Food, drugs, medicines and medical

appliances are not taxed at the normal rate of 6.25%. These items are taxed at a lower rate of 1% plus any applicable local taxes. See 86 Ill. Adm. Code 130.310. Products that do not meet the appropriate definitions of food, drugs, medicines and medical appliances, or are food prepared by the vendor for immediate consumption, are taxable at the higher State sales tax rate of 6.25% plus applicable local taxes.

A medical appliance is defined as an item that is intended by its manufacturer for use in directly substituting for a malfunctioning part of the body. See part (c) of Section 130.310. Generally, medical tools, devices and equipment used for diagnostic, rehabilitative and treatment purposes do not qualify for the reduced rate of tax for medical appliances as such items, while being used for treatment of patients, are not directly substituting for a malfunctioning part of the body. See 86 Ill. Adm. Code 130.310(c).

Wheelchairs and walkers qualify for the low rate of tax as medical appliances. However, hospital beds, patient lift systems, vertical chairlifts, bed trapezes, and shower/commode chairs do not generally qualify for the low rate. In order to qualify for the low rate of tax as a medical appliance, the item must directly substitute for a malfunctioning part of the body. These items do not meet this requirement. Likewise, the floor lifts, slings, ceiling lifts, and repositioning aids described in your letter do not appear to qualify for the low rate of tax.

I hope this information is helpful. If you require additional information, please visit our website at www.ILTAX.com or contact the Department's Taxpayer Information Division at (217) 782-3336. If you are not under audit and you wish to obtain a binding PLR regarding your factual situation, please submit a request conforming to the requirements of 2 Ill. Adm. Code 1200.110 (b).

Very truly yours,

Terry D. Charlton
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TDC:msk